

whatever name designated, of a State, municipality, or other political subdivision of a State that, under the laws of such State, has jurisdiction to regulate public-utility companies.

(50) *Uniform System of Accounts* (USofA) means the Uniform System of Accounts for Centralized Service Companies prescribed in this part, as amended from time to time.

(51) *Utility company* means a public-utility company or natural gas company whose rates are regulated by the Commission, state commission or other similar regulatory body.

(b) [Reserved]

Subpart B—General Instructions

§ 367.2 Companies for which this system of accounts is prescribed.

(a) Unless otherwise exempted or granted a waiver by Commission rule or order pursuant to §§ 366.3 and 366.4 of this chapter, this Uniform System of Accounts applies to any centralized service company operating, or organized specifically to operate, within a holding company system for the purpose of providing non-power services to any public utility in the same holding company system.

(b) This Uniform System of Accounts is not applicable to:

(1) Service companies that are specifically organized as a special-purpose company such as a fuel supply company or a construction company.

(2) Electric or gas utility companies.

(3) Companies primarily engaged:

(i) In the production of goods, including exploration and development of fuel resources,

(ii) In the provision of water, telephone, or similar services, the sale of which is normally subject to public rate regulation,

(iii) In the provision of transportation, whether or not regulated, or

(iv) In the ownership of property, including leased property and fuel reserves, for the use of associate companies.

(4) A service company that provides services exclusively to a local gas distribution company.

(5) Holding companies.

(c) To the extent that the term service company is used in this Uniform

System of Accounts, it applies only to centralized service companies.

§ 367.3 Records.

(a) Each service company must keep its books of account, and all other books, records, and memoranda that support the entries in the books of account, so as to be able to furnish full information on any item included in any account. Each entry must be supported by sufficient detailed information that will permit ready identification, analysis, and verification of all facts relevant and related to the records.

(b) The books and records referred to in this part include not only accounting records in a limited technical sense, but all other records, such as minutes books, stock books, reports, correspondence, and memoranda, that may be useful in developing the history of or facts regarding any transaction.

(c) No service company may destroy any books or records unless the destruction is permitted by the rules and regulations of the Commission.

(d) In addition to prescribed accounts, clearing accounts, temporary or experimental accounts, and sub-accounts of any accounts may be kept, provided the integrity of the prescribed accounts is not impaired.

(e) The arrangement or sequence of the accounts prescribed in this part must not be controlling as to the arrangement or sequence in report forms that may be prescribed by the Commission.

§ 367.4 Numbering system.

(a) The account numbering plan used in this part consists of a system of three-digit whole numbers as follows:

(1) 100-199, Assets and other debits.

(2) 200-299, Liabilities and other credits.

(3) 300-399, Property accounts.

(4) 400-432 and 434-435, Income accounts.

(5) 433, 436 and 439, Retained earnings accounts.

(6) 457-458, Revenue accounts.

(7) 500-599, Electric operating expenses.

(8) 800-894, Gas operating expenses.

(9) 900-949, Customer accounts, customer service and informational, sales,

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and general and administrative expenses.

(b) The numbers prefixed to account titles are to be considered as parts of the titles. Each service company, however, may adopt for its own purposes a different system of account numbers (See *also* General Instructions in § 367.3(d)) provided that the numbers prescribed in this part must appear in the descriptive headings of the ledger accounts and in the various sources of original entry; however, if a service company uses a different system of account numbers and it is not practicable to show the prescribed account numbers in the various sources of original entry, the reference to the prescribed account numbers may be omitted from the various sources of original entry. Each service company using different account numbers for its own purposes must keep readily available a list of the account numbers that it uses and a reconciliation of those account numbers with the account numbers provided in this part. It is intended that the service company's records must be kept so as to permit ready analysis by prescribed accounts (by direct reference to sources of original entry to the extent practicable) and to permit preparation of financial and operating statements directly from the records at the end of each accounting period according to the prescribed accounts.

§ 367.5 Accounting period.

Each service company must keep its books on a monthly basis so that for each month all transactions applicable to the account, as nearly as may be ascertained, must be entered in the books of the service company. Amounts applicable or assignable to a single or group of associate and non-associate companies must be segregated monthly. Each service company must close its books at the end of each calendar year unless otherwise authorized by the Commission.

§ 367.6 Submittal of questions.

To maintain uniformity of accounting, service companies must submit questions of doubtful interpretation to the Commission for consideration and decision.

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§ 367.7 Item list.

Lists of items appearing in the texts of the accounts or elsewhere in this part are for the purpose of indicating clearly the application of the prescribed accounting. The lists are intended to be representative, but not exhaustive. The appearance of an item in a list warrants the inclusion of the item in the account mentioned only when the text of the account also indicates inclusion inasmuch as the same item frequently appears in more than one list. The proper entry in each instance must be determined by the texts of the accounts.

§ 367.8 Extraordinary items.

Extraordinary items are to be recognized according to the rules which are considered generally accepted accounting principles. These items are related to the effects of events and transactions that have occurred during the current period and that are of an unusual nature and infrequent occurrence. Each item recognized as extraordinary must be disclosed in the notes to financial statements (See Accounts 434 and 435 in §§ 367.4340 and 367.4350).

§ 367.9 Prior period items.

(a) Items of profit and loss related to the following must be accounted for as prior period adjustments and excluded from the determination of net income for the current year:

(1) Correction of an error in the financial statements of a prior year.

(2) Adjustments that result from realization of income tax benefits of pre-acquisition operating loss carry forwards of purchased subsidiaries.

(b) All other items of profit and loss recognized during the year must be included in the determination of net income for that year.

§ 367.10 Unaudited items.

Whenever a financial statement is required by the Commission, if it is known that a transaction has occurred that affects the accounts but the amount involved in the transaction and its effect upon the accounts cannot be determined with absolute accuracy, the amount must be estimated and the